

STATE OF SOUTH CAROLINA

South Carolina Electric & Gas Company Request for  
Approval of Fourth Amendment to Contract for Electric  
Service with Michelin North America, Inc.

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET

NUMBER: 2011 - 265 - E

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2013 JUL -8 PM 4:27  
SC PUBLIC SERVICE  
COMMISSION

(Please type or print)

Submitted by: K. Chad Burgess

SC Bar Number: 69456

Address: SCANA Corp.  
220 Operation Way MC C222  
Cayce, SC 29033

Telephone: 803-217-8141

Fax: 803-217-7810

Other: \_\_\_\_\_

Email: chad.burgess@scana.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

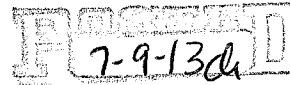
- ☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously
- ☐ Other: \_\_\_\_\_

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input checked="" type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input checked="" type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certification	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigation	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other: _____	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

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JUL 09 2013

PSC SC  
MAIL/DMS



K. Chad Burgess  
Associate General Counsel

[chad.burgess@scana.com](mailto:chad.burgess@scana.com)

July 8, 2013

**VIA HAND DELIVERY**

The Honorable Jocelyn G. Boyd  
Chief Clerk/Administrator  
**Public Service Commission of South Carolina**  
101 Executive Center Drive (29210)  
Post Office Drawer 11649  
Columbia, South Carolina 29211

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JUL 09 2013

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2013 JUL -8 PM 1:27

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RE: South Carolina Electric & Gas Company  
Request for Approval of Fourth Amendment to Contract for Electric Service with  
Michelin North America, Inc.  
Docket No. 2011-265-E

Dear Ms. Boyd:

Pursuant to 10 S.C. Code Ann. Regs. 103-303 (1976, as amended), South Carolina Electric & Gas Company ("SCE&G" or "Company") hereby files with the Public Service Commission of South Carolina ("Commission") and seeks approval of a Fourth Amendment ("Fourth Amendment") to the Contract for Electric Service ("Contract") between SCE&G and Michelin North America, Inc. ("Michelin"), with such approval to be made effective as of May 6, 2013, the effective date of the Fourth Amendment.<sup>1</sup> A summary of the key terms and provisions of the Fourth Amendment is set forth below.

The Fourth Amendment is related to Michelin's recent decision to invest another \$200 million in its facility in Lexington County, South Carolina, to further expand its Earthmover tire building capacity. It is SCE&G's understanding that, as part of this expansion, Michelin expects to create approximately 125 new jobs.

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<sup>1</sup> On March 20, 1998, SCE&G and Michelin executed the Contract for electric service. Under the Contract, SCE&G provided electric service to Michelin pursuant to the Company's Commission-approved retail electric rate schedule Rate 23 and its Commission-approved Real Time Pricing methodology. Because SCE&G was charging Michelin a rate for electric service that had been previously approved by the Commission, SCE&G was not required to seek Commission approval of the Contract. Likewise, the first and second amendments to the Contract did not require Commission approval because those amendments did not alter or change the rate under which SCE&G billed Michelin for electric service. As for the third amendment, it was approved by Commission Order No. 2011-533.

(Continued . . .)

Under the Fourth Amendment, SCE&G will provide electric service to Michelin's expanded load pursuant to the demand charge set forth in the Company's retail electric rate schedule entitled "Rate 23 – Industrial Power Service" as currently approved by the Commission and an economic development credit. Thereafter, Michelin will be billed for electricity under Rate 23.

Due to the commercial sensitivity and proprietary nature of certain provisions of this Fourth Amendment as well as the highly competitive nature of the industry in which Michelin operates, the Company and Michelin respectfully request that the Commission find that the Fourth Amendment contains protected information and issue a protective order barring the disclosure of this agreement under the Freedom of Information Act, S.C. Code Ann. §§ 30-4-10 *et seq.*, 10 S.C. Code Ann. Regs. 103-804(S)(1), or any other provision of law. Pursuant to S.C. Code Ann. Regs. 103-804(S)(2), the determination of whether a document may be exempt from disclosure is within the Commission's discretion.

To this end, and in accordance with Commission Order No. 2005-226, dated May 6, 2005, in Docket No. 2005-83-A, we enclose with this letter a redacted version of the Fourth Amendment that protects from disclosure the sensitive, proprietary and commercially valuable information, while making available for public viewing non-protected information. We also enclose a copy of the unredacted Fourth Amendment in a separate, sealed envelope and respectfully request that, in the event that anyone should seek disclosure of this unredacted Fourth Amendment, the Commission notify SCE&G of such request and provide it with an opportunity to obtain an order from this Commission or a court of competent jurisdiction protecting the Fourth Amendment from disclosure.

Enclosed are the following:

- (1) A true and correct copy of the original Fourth Amendment in a sealed envelope marked "CONFIDENTIAL." Each page of the Fourth Amendment is also marked "CONFIDENTIAL."
- (2) Ten copies of a redacted copy of the Fourth Amendment for filing and public disclosure.

By copy of this letter, we are providing the South Carolina Office of Regulatory Staff ("ORS") with a redacted copy of the Fourth Amendment for its records. Additionally, SCE&G will make the original, unredacted copy of the Fourth Amendment available to ORS for its review.

(Continued . . . )

The Honorable Jocelyn G. Boyd

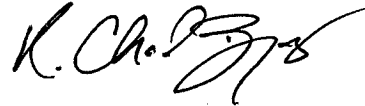
July 8, 2013

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Thank you for your assistance and consideration of this matter. If you have any questions, please do not hesitate to contact us at your convenience.

Very truly yours,

A handwritten signature in black ink, appearing to read "K. Chad Burgess", with a stylized flourish at the end.

K. Chad Burgess

KCB/kms

Enclosure

cc: John W. Flitter  
A. Randy Watts  
Jeffrey M. Nelson, Esquire  
(all via hand delivery)

ORIGINAL



FOURTH AMENDMENT TO  
CONTRACT FOR ELECTRIC SERVICE  
(CONTRACT # E9805112)

This original  
to be returned  
to SCE&G Company

This Fourth Amendment to Contract for Electric Service ("Fourth Amendment") is made and entered into effective May 6, 2013 ("Effective Date") by and between South Carolina Electric & Gas Company ("Company" or "SCE&G") and Michelin North America, Inc. ("Customer").

**RECITALS**

WHEREAS, SCE&G and Customer are parties to a Contract for Electric Service (No. E9805112) dated April 1, 1998 (the "Original Contract"), as amended on September 16, 2004 (the "First Amendment"), as amended March 1, 2006 (the "Second Amendment"), and as amended on May 8, 2011 (the "Third Amendment") (collectively, the "Contract"); and

WHEREAS, Company and Customer now desire to amend said Contract in certain particulars.

NOW, therefore, for and in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

**SPECIAL CONDITIONS**

**1. Customer Expansion:**

The Customer has plans to expand at U. S. 7. This expansion will require about [REDACTED] of additional capacity from the Company's Michelin Substation and will add additional load ("Expansion Load") to Company's system as defined in paragraph 6 below.

**2. Contract Demand:**

Contract Demand for the site shall be increased from [REDACTED] At the time that billing commences under this Fourth Amendment, the Contract Demand will be allocated with [REDACTED] to U. S. 5 and [REDACTED] to U. S. 7.

**3. Equipment In-Service Date**

The Equipment In-Service Date shall be the earlier of: (a) the date Customer notifies the Company that the manufacturing equipment for the Expansion Load has been installed and is operational and (b) October 1, 2013. Customer may request at any time prior to October 1, 2013 for the Economic Development Credits (EDCs) described below to begin. Such request shall be made in writing with 30 days prior notice.

**4. Economic Development Credits Under Third Amendment**

The Customer has been provided EDCs under the Third Amendment, which as of the date of this Fourth Amendment have not been used. Customer will receive the EDCs as prescribed under the Third Amendment until the expiration of those EDCs. Once these credits are initiated, they will continue for 36 (thirty six) consecutive billing periods (the "Third Amendment EDC Period"). If the Equipment In-Service Date under this Fourth Amendment occurs during the Third Amendment EDC Period, then the Economic Development Credits for the load under this Fourth Amendment, as awarded in Section 5 below, will be applied using the EDC percentages prescribed in the Third Amendment. This EDC rate adjustment for the Fourth Amendment EDCs will continue to apply until the expiration of the Third Amendment EDC Period. At that time, the remainder of the Fourth Amendment EDCs will be applied at the Rate described in Section 5 below until the end of the Fourth Amendment EDC Period.

**5. Fourth Amendment Economic Development Credits**

Customer will be billed for all service in accordance with Company's Industrial Power Service Rate 23 (IPS) in effect at the time of billing, with the exception of the Expansion Load which will be billed as described in this Section 5.

Beginning with the Customer's first bill issued following the Equipment In-Service Date and extending for a period of three (3) consecutive 12 month periods (the "Fourth Amendment EDC Period"), the Customer's Expansion Load will be billed according to a Contract Rate consisting of: 1) a Demand Charge and; 2) an Economic Development Credit, as follows:

- 1) **Demand Charge:** The Customer's Demand Charge for the Expansion Load shall be Demand Charge for "All KW of Billing Demand" in the Company's IPS Rate 23, in effect at the time of billing, applied to the Billing Demand kW as determined by the Company.
- 2) **Economic Development Credit:** Subject to Section 4 above, the Customer's Economic Development Credit for the Expansion Load shall be determined by multiplying the Economic Development Credit percentages listed below times the Demand Charge for the Expansion Load.

Amendment Year

Year 1

Year 2

Year 3

Economic Development Credit



The EDCs under this Fourth Amendment shall be initiated on the Equipment In-Service Date above and continue for a period of 36 (thirty-six) consecutive months. At the expiration of all of the EDCs provided for under the Third and Fourth Amendments, all service under this Amended Contract shall be in accordance with the Company's Industrial Power Service Rate 23 in effect at the time of billing.

**6. Expansion Load:**

Beginning with the Equipment In-Service Date, the Baseline Load for U. S. 7 will be established as the net monthly peak demand (actual peak kW demand less coincidental demand adjustment) from U. S. 7 for the 12 month period immediately preceding the Equipment In-Service Date.

The Expansion Load will be specified in Attachment A to this Fourth Amendment when completed and presented to Customer. That final Attachment A shall be incorporated herein.

The increase in the net demand for U. S. 7, over the Baseline Load on Attachment A shall be billed incorporating the EDCs as prescribed above.

### REGULATORY APPROVAL

The Customer agrees to support the Company in its request to the Public Service Commission of South Carolina ("Commission") to protect the confidential information contained within the Contract and this Fourth Amendment (the "Amended Contract"). This Amended Contract is subject to the approval of the Commission, and any and all provisions herein are subject to change by order(s) of the Commission and the Customer agrees to support the Company in its request to the Commission seeking approval of this Amended Contract.

### CONFIDENTIALITY

Company and Customer hereby agree to keep the terms of this Amended Contract confidential. Neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of this Amended Contract to a third party except (i) in order to comply with any applicable law, order, regulation, or exchange rule; (ii) to the extent necessary for the enforcement of this Amended Contract; or (iii) to its employees, lenders, counsel, accountants and other agents on a need-to-know basis for the analysis of business issues related to this Amended Contract, provided such persons shall have agreed to keep such terms confidential. The existence of this Amended Contract is not confidential.

Except as noted herein, all other provisions of the Contract shall remain in full force and effect. No other provisions of the Contract are altered by this Fourth Amendment.

In Witness Whereof, the parties hereto have caused these presents to be duly executed this 6<sup>th</sup> day of May, 2012: 2013

Michelin North America, Inc.

By: 

South Carolina Electric & Gas Company

By: 

William G. Watkins

Its: Sr. Energy Buyer

Its: Manager-Large Customer Accounts and Services

ATTACHMENT A

**Peak Demand Preceding Expansion Load:** The Expansion Load will be determined as the amount by which the net monthly peak demand from U. S. 7 exceeds the net monthly peak demand from U. S. 7 for the 12 month period immediately preceding the Equipment In-Service Date.

The net monthly peak demands from U. S. 7 for the 12 month period immediately preceding the Equipment In-Service Date of \_\_\_\_\_ were as follows:

January	_____ kW
February	_____ kW
March	_____ kW
April	_____ kW
May	_____ kW
June	_____ kW

July	_____ kW
August	_____ kW
September	_____ kW
October	_____ kW
November	_____ kW
December	_____ kW

Receipt of this completed Attachment A is acknowledged by Customer:

**Michelin North America, Inc.**

By: \_\_\_\_\_

Print Name: Chet Chea

Its: Sr. Energy Buyer

Date: \_\_\_\_\_